

**Supporting Statement for
Consolidated Reports of Condition and Income
(Interagency Call Report)
OMB Control No. 1557-0081**

A. JUSTIFICATION

1. Circumstances and Need

Institutions submit Consolidated Reports of Condition and Income (Call Report) data to the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data provide the most current statistical data available for evaluating institutions' corporate applications, identifying areas of focus for on-site and off-site examinations, and monetary and other public policy purposes. The agencies use Call Report data in evaluating interstate merger and acquisition applications to determine, as required by law, whether the resulting institution would control more than ten percent of the total amount of deposits of insured depository institutions in the United States. Call Report data are also used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' and federal savings associations' semiannual assessment fees.

The agencies are making changes to various sections of the Call Report to eliminate data items that are no longer relevant. The agencies also proposed to raise the reporting threshold for some additional data items, so that smaller institutions would no longer need to submit those data items. The agencies also proposed changes to revise deposit data to correspond with the recently increased deposit insurance limit of \$250,000, and to add collection of the Legal Entity Identifier from institutions that had previously obtained one. The proposed changes would take effect for either the December 31, 2016 Call Report or the March 31, 2017 Call Report, depending on the nature of the item.

2. Use of Information Collected

Institutions submit Consolidated Reports of Condition and Income (Call Report) data to the agencies each quarter for the agencies' use in monitoring the condition, performance, and risk profile of individual institutions and the industry as a whole. Call Report data provide the most current statistical data available for evaluating institutions' corporate applications, identifying areas of focus for on-site and off-site examinations, and monetary and other public policy purposes. The agencies use Call Report data in evaluating interstate merger and acquisition applications to determine, as required by law, whether the resulting institution would control more than ten percent of the total amount of deposits of insured depository institutions in the United States. Call Report data are also used to calculate institutions' deposit insurance and Financing Corporation assessments and national banks' and federal savings associations' semiannual assessment fees.

3. Use of Technology to Reduce Burden

All banks and savings associations are subject to an electronic filing requirement for Call Reports. Institutions may use information technology to the extent feasible to maintain required records.

4. Efforts to Identify Duplication

This information is unique because no other report or a series of reports provides all the Call Report data in a consistent and timely manner.

5. Minimizing the Burden on Small Entities

The agencies attempt to limit the information collected to the minimum information needed to evaluate the condition of an institution, regardless of size. Certain detailed data items in the Call Report are not collected from institutions with assets below a specified threshold, e.g., \$1 billion or \$300 million.

6. Consequences of Less Frequent Collection

The Federal financial regulatory agencies must have condition and income data at least quarterly to properly monitor individual bank and industry trends and to comply with a statutory requirement to obtain four reports of condition per year. 12 U.S.C. § 1817(a)(3). Less frequent collection of this information would impair the agencies' ability to monitor financial institutions and could delay regulatory response.

7. Special Circumstances

There are no special circumstances.

8. Consultation with Persons Outside the OCC

On September 18, 2015, the agencies requested comment on proposed revisions to the Call Report. The revisions would become effective for either the December 31, 2016 or March 31, 2017, report date.

The agencies collectively received comments on the proposal from 13 entities. The commenters generally supported the agencies' decision to propose items for deletion, raise the threshold for other data items, and make other changes to reduce the burden of the Call Report, particularly for small institutions. The commenters also suggested some modifications to two items relating to home equity lines of credit and the fair value option for liabilities. Based on that feedback, the agencies decided to withdraw revisions to those items and will provide clarification in the instructions.

One other banking organization provided its recommendation for reducing the information collected in the Call Report, but did not refer to the burden-reduction initiative. For

example, one bankers' association described the FFIEC's formal initiative as "the right answer" for addressing the increased regulatory burden of the Call Report and commended the FFIEC for its consideration of a less burdensome Call Report for community banks. Another bankers' association welcomed the agencies' Call Report streamlining efforts and sought prompt implementation of measures to reduce regulatory burden. The two other bankers' associations commented favorably on the FFIEC's recognition of the reporting burden imposed by the Call Report and encouraged the FFIEC to create a less burdensome Call Report for smaller institutions. They also recommended that the Call Report could be streamlined for smaller institutions because they typically do not engage in many of the activities about which data must be reported in the Call Report.

The FFIEC's 2015 Annual Report describes the status of the actions being undertaken in the five areas within the community bank Call Report burden-reduction initiative as of year-end 2015.²⁰ In this regard, the annual report notes that the FFIEC's Task Force on Reports (TFOR) "reported to the Council in December 2015 on options for proceeding with a less burdensome Call Report for eligible institutions and other Call Report streamlining methods. The additional feedback about sources of Call Report burden and these options from the TFOR's community banker outreach activities in February 2016 will help inform a subsequent TFOR recommendation to the Council regarding a streamlining proposal for eligible small institutions that can be issued for industry comment in 2016." Thus, the agencies anticipate that they will publish a proposal later this year that will extend the burden-reducing changes to the Call Report beyond those included in the September 2015 proposal and discussed in this notice.

Two bankers' associations presented some additional recommendations to the FFIEC and the agencies in their comments on the September 2015 proposal. These recommendations included establishing "an industry advisory committee to provide the FFIEC with advice and guidance on issues related to FFIEC reports." As one of the actions under the burden-reduction initiative, the FFIEC and the agencies have committed to pursue industry dialogue regarding Call Report matters such as activities enabling the agencies to better understand the burdensome aspects of the Call Report. This is evidenced by community banker outreach activities with small groups of community bankers that were organized by two bankers' associations and conducted via conference call meetings in February 2016. The FFIEC and the agencies believe their existing dialogue with the industry, in addition to the opportunity for public participation in the Call Report revision process, allows ample avenues to provide input concerning revisions to FFIEC reports.

The two associations also recommended that the FFIEC "work to ensure other required regulatory reporting forms are updated simultaneously," which they further described as ensuring consistency between definitions and reporting treatments used in the Call Report and in other regulatory reports that institutions file. The agencies will seek to be more conscious of relationships between the Call Report requirements and other FFIEC regulatory reports, particularly when considering revisions to the data collected in the Call Report.

Another recommendation from the two bankers' associations was for the FFIEC and the agencies to allow sufficient time for institutions to implement any reporting changes. They stated that the proposed effective dates in the September 2015 proposal would not provide sufficient

time for implementing the reporting changes. One of the banking organizations expressed a similar concern. The two associations urged the FFIEC and the agencies to implement changes to non-income line items no earlier than a full quarter after the quarter in which the notice requesting OMB approval is published in the *Federal Register*. For data on income and quarterly averages, they suggested that such changes take effect at the beginning of a reporting year.

In recognition of the impact of the September 2015 proposal on institutions from a systems standpoint, the agencies deferred the effective dates for the reporting changes in that proposal to no earlier than September 30, 2016. As will be discussed below with respect to the implementation of the specific proposed Call Report changes that are the subject of this notice, the agencies have sought to set the effective dates for these changes in a manner consistent with the timing suggested by the two bankers' associations. To assist institutions in preparing for the reporting changes in this proposal, drafts of the reporting instructions for the new and revised Call Report items will be made available to institutions on the FFIEC's website when the *Federal Register* notice requesting OMB approval is published.

9. Payment or Gift to Respondents

No payments or gifts will be given to respondents.

10. Confidentiality

Except for selected data items, the Call Report is not given confidential treatment.

11. Information of a Sensitive Nature

No information of a sensitive nature is requested.

12. Estimate of Annual Burden

Estimated Number of Respondents: 1,412 national banks and federal savings associations.

Estimated Time per Response: 59.36 burden hours per quarter to file.

Estimated Total Annual Burden: 335,265 burden hours to file.

The OCC estimates the cost of the hour burden to respondents as follows:

Clerical:	20% x 335,265 =	67,053.00 @ \$20 =	\$	1,341,061.00
Managerial/technical:	65% x 335,265 =	217,922.25 @ \$40 =	\$	8,716,890.00
Senior mgmt/professional:	14% x 335,265 =	46,937.10 @ \$80 =	\$	3,754,968.00
Legal:	01% x 335,265 =	3,352.65 @ \$100 =	\$	<u>335,265.00</u>
Total:			\$	14,148,184.00

13. Capital, Start-up, and Operating Costs

Not applicable.

14. Estimates of Annualized Cost to the Federal Government

Not applicable.

15. Change in Burden

Former burden: 399,588 burden hours.

New burden: 335,265 burden hours.

Change: - 64,323 burden hours.

The revisions to the schedule resulted in a slight decrease in burden. The majority of the burden reduction was due to a decrease of approximately 250 national banks and Federal savings associations since the prior Call Report revisions.

16. Publication

Not applicable.

17. Exceptions to Expiration Date Display

None.

18. Exceptions to Certification

None.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.